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: 18-22552 (RDD)
In re: :
:
MICHAEL P. D'ALESSIO, :
: July 12, 2018
Debtor. :
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TRANSCRIPT OF 341 MEETING
BEFORE MARIANNE O'TOOLE

APPEARANCES:

For the Debtor: SANFORD P. ROSEN, ESQ.
Rosen & Associates
747 Third Avenue
New York, New York 10017

For the Trustee: SALVATORE LaMONICA, ESQ.
LaMonica Herbst & Maniscalco, LLP
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Wantagh, New York 11793

The Trustee: MARIANNE O'TOOLE
22 Valley Road
Katonah, New York 10536

For Preferred Bank: MATTHEW KYE, ESQ.
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Melville, New York 11747

For the Millers, et al: JAMES J. VINCEQUERRA, ESQ.
Alston & Bird LLP
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[Appearances continue next page.]

APPEARANCES CONTINUED:

For 145 E. 62nd St.: JASON LEIBOWITZ, ESQ.
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For Attis Properties: DAWN KIRBY, ESQ.
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For Andrew West: ANDREW WEST, Pro Se

For [inaudible] Bank: SCOTT MAGESTI, ESQ.

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1 MS. O'TOOLE: Michael Paul Enterprises, LLC, 18-
2 20004. What I'm going to do in anticipation of these cases
3 being jointly administered, I'm calling them all
4 simultaneously, so indulge me while I just put on the record
5 145-147 East 62nd Street Holdings LLC, 18-2005; 184 East 64th
6 Street Holding LLC, 18-22886; 184 East 64th Street Associates
7 LLC, 18-22887; Bluestone 184 LLC, 18-22888; Bluestone 67 LLC,
8 18-22889; 227 East 67th Street Associates LLC, 18-22890; 227
9 East 67th Street Holdings LLC, case number 18-22891; case
10 number 18-22892, 145-147 East 62nd Street Associates; case 18-
11 22893, Bluestone 163-156 LLC; case 18-22894, 163-165 East 62nd
12 Street Associates; 18-22895, 163-165 East 62nd Street Holdings
13 LLC; case 18-22904, 3 Sandpiper Court Holding LLC; case
14 18-22909, 45 Middle Pond Road Associates LLC; case 18-22910,
15 43 Middle Pond Road Associates LLC; case 18-22911, 41 Middle
16 Pond Road Associates LLC; case 18-22952, 43 Middle Pond Road
17 Holding LLC; case 18-22953, 4145 MPR Holding LLC; 18-22954,
18 Bluestone Sandpiper LLC; case 18-22955, 3 Sandpiper Court LLC;
19 case 18-22965, 1517 Circle Holding LLC; case 18-22967, MBI
20 Partners LLC; case 18-22991, 15 Circle Rd MBI LLC; and finally
21 case 18-22992, 17 Circle Rd MBI LLC.

22 Okay. So the first thing first, counsel, is do you
23 have the signature pages for those petitions? Thank you. And
24 then if folks would note their appearances, please. Anybody?

25 MR. KYE: Matthew Kye, The Kye Law Group for

1 Preferred Bank.

2 MS. O'TOOLE: Thank you. Anybody else wish to note
3 their appearance?

4 MR. VINCEQUERRA: James Vincequerra from Alston &
5 Bird for David Miller, Allan Miller and a number of other
6 similarly situated investors.

7 MS. O'TOOLE: Okay. And I will note that a Richard
8 A. Auerbach appeared for City Iron Smith in the context of the
9 Michael Paul case from McBreen & Kopko but he had the wrong
10 time this morning and I indicated I would note his appearance.
11 Anybody else wish to note their appearance?

12 MR. LEIBOWITZ: Jason Leibowitz from Kriss &
13 Feuerstein on behalf of 145 East 62nd Street Lender, LLC.

14 MS. O'TOOLE: Thank you.

15 MALE SPEAKER: David Kriss?

16 MR. LEIBOWITZ: Yes.

17 MS. KIRBY: Dawn Kirby; DelBello Donnellan for Attis
18 Property.

19 MR. WEST: Andrew West for self and family.

20 MS. O'TOOLE: Thank you.

21 MR. MAGESTI: Scott Magesti [inaudible] for
22 [inaudible] Bank.

23 MS. O'TOOLE: Anybody else wish to note their
24 appearance?

25 Okay. I do note that there are other individuals

1 here that chose not to note their appearance.

2 BY MS. O'TOOLE:

3 Q. As an administrative matter, sir, if you'd raise -- first
4 state your name.

5 A. Michael D'Alessio.

6 Q. And you appeared last month during my hearings and I
7 looked at your identification.

8 MS. O'TOOLE: Do any -- I'll start with this, do any
9 creditors wish to object to my serving as the trustee? I'll
10 serve as the trustee in this matter then.

11 Q. And so you were here the last time, Mr. D'Alessio, in
12 your personal bankruptcy, is that correct?

13 A. Yes.

14 Q. And at that time I was able to verify your ID by your
15 driver's license, correct?

16 A. Yes.

17 Q. Have you brought your Social Security card with you
18 today?

19 A. I don't have one.

20 Q. So your personal bankruptcy can't be closed until I see
21 your Social Security card. You need to --

22 A. Order a new one.

23 MR. ROSEN: He's applied for one.

24 Q. Yes. You need to order it. And then you'll need to
25 appear in person by arrangement either at my office or

1 otherwise, but as I said the last time, that's not in the
2 context of the corporate cases but that is in the context of
3 your personal case.

4 A. Okay.

5 Q. The next thing I'd like to do is to run through each of -
6 - counsel has brought each of the petitions with signatures
7 now and I'd like to run through each of them and ask you did
8 you -- you heard the cases that I read, correct?

9 A. Yes, I did.

10 Q. Did you review the petition in each of those cases?

11 A. Yes.

12 Q. And did you sign the petition in each of those cases?

13 A. Yes.

14 Q. Did you sign those petitions on behalf of the debtor in a
15 management position?

16 A. Yes.

17 Q. All right. So the first petition that I have a signature
18 page is 17 Circle Road MBI LLC. Do you recognize the
19 signature on that page?

20 A. Yes.

21 MS. O'TOOLE: All right. As I read them, could
22 [inaudible] check off which ones so [inaudible] two pages.

23 Q. The next one I'm going to show is [inaudible]. These go
24 together, these go together. Okay. The next page is Michael
25 Paul Enterprises LLC. And did you sign that petition in the

1 capacity of a managing member?

2 A. Yes.

3 Q. And did you review the petition before you signed it?

4 A. Yes.

5 Q. Is that your signature that appears on the petition?

6 A. Yes.

7 Q. The next entity that entity that I have here is 3

8 Sandpiper Court LLC, and did you sign that petition in the
9 capacity as a manager?

10 A. Yes.

11 Q. Is that your signature that appears on the declaration?

12 A. Yes.

13 Q. All right. The next is 3 Sandpiper Court Holding LLC.
14 Did you sign that petition in the capacity as the manager?

15 A. Yes.

16 Q. And is this your signature which appears on the voluntary
17 petition?

18 A. Yes.

19 Q. 1517 Circle Holding LLC. Did you sign that as the co-
20 manager of MBI Partners LLC, managing member of the debtor?

21 A. Yes.

22 Q. Is this your signature which appears on that petition?

23 A. Yes.

24 Q. Next I have 4145 MPR Holding LLC. You signed that
25 petition as a manager?

1 A. Yes.

2 Q. Is that your corporate capacity with respect to that
3 debtor?

4 A. Yes.

5 Q. Is that your signature that appears on that petition?

6 A. Yes.

7 Q. 41 Middle Pond Road Associates. Did you serve as a
8 manager for that entity as well?

9 A. Yes.

10 Q. Is this your signature which appears on that petition?

11 A. Yes.

12 Q. 43 Middle Pond Road Associates LLC. Did you sign that
13 petition in your capacity as manager?

14 A. Yes.

15 Q. Is this your signature that appears on that petition?

16 A. Yes.

17 Q. 43 Middle Pond Road Holding LLC. Did you sign that
18 petition as the manager?

19 A. Yes.

20 Q. Is that your signature that appears on the petition?

21 A. Yes.

22 Q. 45 Middle Pond Road Associates LLC. Did you sign that
23 petition as a manager?

24 A. Yes.

25 Q. And is that your signature on the petition?

1 A. Yes.

2 Q. 145-147 East 62nd Street Associates. You signed that
3 petition as the manager, correct?

4 A. Yes.

5 Q. Is that your signature that appears on that petition?

6 A. Yes.

7 Q. 145-147 East 62nd Street Holding LLC. Did you sign that
8 as the managing member of Fortress Capital Partners LLC FCP
9 145 Holding?

10 A. Yes.

11 Q. And is this your signature on that petition?

12 A. Yes.

13 Q. 163-165 East 62nd Street Associates. Did you sign that
14 petition as a manager?

15 A. Yes.

16 Q. And is this your signature which appears on that
17 petition?

18 A. Yes.

19 Q. 163-165 East 62nd Street Holdings. Did you sign as
20 manager on that petition?

21 A. Yes.

22 Q. Is that your signature on the petition?

23 A. Yes.

24 Q. 184 East 64th Street Associates LLC. Did you sign as
25 manager on that petition?

1 A. Yes.

2 Q. Is this your signature on the petition?

3 A. Yes.

4 Q. 184 East 64th Street Holding LLC. Did you sign that
5 petition as manager?

6 A. Yes.

7 Q. Is this your signature on the petition?

8 A. Yes.

9 Q. 227 East 67th Street Associates LLC. Did you sign as a
10 manager?

11 A. Yes.

12 Q. Is that your signature as manager on the petition?

13 A. Yes.

14 Q. 227 East 67th Street Holdings LLC. Did you sign that
15 petition as a manager?

16 A. Yes.

17 Q. Is that your signature on the petition?

18 A. Yes.

19 Q. Bluestone 67 LLC. Did you sign that petition as a
20 manager?

21 A. Yes.

22 Q. And is that your signature on the petition?

23 A. Yes.

24 Q. Bluestone 163-165 LLC. Did you sign that petition as a
25 manager?

1 A. Yes.

2 Q. Is this your signature --

3 MALE SPEAKER: Excuse me. Okay. I'm fine.

4 MS. O'TOOLE: That's fine.

5 Q. 167 -- I'm sorry, is that your signature on the petition?

6 A. Yes.

7 Q. I'm going to just do that one again because I'm not sure.

8 It's Bluestone 163-165 LLC. Did you sign that petition as a
9 managing member?

10 A. Yes.

11 Q. Is that your signature on the petition?

12 A. Yes.

13 Q. Bluestone 184 LLC. Did you sign as manager?

14 A. Yes.

15 Q. Is this your signature on the petition?

16 A. Yes.

17 Q. Bluestone Sandpiper LLC. Did you sign as the managing
18 member?

19 A. Yes.

20 Q. Is this your signature on that petition?

21 A. Yes.

22 Q. MBI Partners LLC. Did you sign as manager on the
23 petition?

24 A. Yes.

25 Q. And is this your signature which appears on the petition?

1 A. Yes.

2 Q. 15 Circle Road MBI LLC. And it's R-D, it's not Road, did
3 you sign as co-manager of the manager of the debtor sole
4 member?

5 A. Yes.

6 Q. Is that your signature on the petition?

7 A. Yes, it is.

8 MS. O'TOOLE: Do we have them all?

9 MALE SPEAKER: Yes.

10 MS. O'TOOLE: Okay. All right. Are these --

11 MALE SPEAKER: [Inaudible].

12 MS. O'TOOLE: Thank you. We can keep these?

13 MALE SPEAKER: [Inaudible].

14 MS. O'TOOLE: [Inaudible].

15 Q. So the first question I have is when we were here last
16 for your individual bankruptcy we went through where documents
17 would be located and stuff. At this juncture I don't have any
18 of the emails. And so I'm going to then ask you how were
19 emails stored or -- well, withdrawn. How were the emails --
20 what emails did you use on a daily basis?

21 A. Michael Paul Enterprises.

22 MR. ROSEN: It's Office 365.

23 MS. O'TOOLE: It's Office 365.

24 MR. ROSEN: Yeah, it's in the cloud.

25 MS. O'TOOLE: It's in the cloud.

1 MR. ROSEN: And we'll make arrangements to get you
2 the [inaudible].

3 MS. O'TOOLE: Okay.

4 Q. And then the next thing is I have received a drive that
5 has certain documents. I don't see the daily bookkeeping.
6 Was that maintained by QuickBooks or otherwise? So for
7 instance --

8 A. Daily bookkeeping?

9 Q. Monthly, daily. So we have all these entities. There
10 are several that own properties. Some own properties that are
11 occupied by tenants. So if there was a virtual doorman, if
12 there was a Con Ed bill, if there was, you know, an intercom
13 bill that gets paid, where were those?

14 A. All in QuickBooks.

15 Q. In QuickBooks. And how about the supporting documents
16 for those invoices? So if there's a Con Ed bill that comes
17 into the office --

18 A. We're paperless. So it would be scanned.

19 Q. Okay. And is it going to be scanned -- where does it get
20 saved when it's scanned?

21 A. In the particular project folder like 145 East 62nd Street
22 Con Ed.

23 Q. So you're saying --

24 A. Virtual Doorman.

25 Q. -- all of the routine bills should be stored under the

1 name of the entity in the D drive that I received a copy?

2 A. Correct.

3 Q. On a monthly basis that occurred?

4 A. Yes.

5 Q. Okay. Where is the QuickBooks? Who has the QuickBooks?

6 A. I think it was all turned over.

7 Q. We don't -- I will say I don't have access to QuickBooks
8 yet. And I gather from your answer a willingness to provide
9 it. We need the QuickBooks and we need them as soon as
10 possible to the extent I'm going --

11 A. It was turned over the day after we met.

12 Q. So I received the D drive.

13 A. I brought it down to --

14 MR. MANISCALCO: The drive itself was picked up.

15 MR. D'ALESSIO: That has everything on it.

16 MS. O'TOOLE: The QuickBooks too?

17 MR. MANISCALCO: I don't think it has QuickBooks in
18 it.

19 MR. D'ALESSIO: Absolutely.

20 Q. Well, let me just say this. We don't have to do back and
21 forth. Who can walk us through where we find it on the drive
22 that we received? Is that Rita?

23 A. Do you want to come to my office and go through it with
24 Rita?

25 Q. Well, that's fine. We can do that. I just need to make

1 sure --

2 MALE SPEAKER: Rita is the answer.

3 Q. -- that I have an image of the QuickBooks.

4 MALE SPEAKER: She has the -- it's passworded.

5 MR. MANISCALCO: She still has the copy of

6 QuickBooks --

7 MALE SPEAKER: Yes.

8 MR. MANISCALCO: -- is what you're saying?

9 MALE SPEAKER: Yes.

10 MR. D'ALESSIO: Yeah.

11 MR. MANISCALCO: Did each entity have a separate

12 QuickBooks?

13 MR. D'ALESSIO: Yes.

14 MS. O'TOOLE: And just for the purposes of the
15 record, that is Sal LaMonica of LaMonica Herbst and Maniscalco
16 that will also be asking questions to the extent we need
17 clarification.

18 Q. So the bills, the receipts and the invoices will be
19 reflected in the particular folder for the particular entity?

20 A. Correct.

21 Q. And there are no paper documents anywhere with respect to
22 that.

23 A. No.

24 Q. Okay. What if one entity had a loan against another
25 entity or an individual had a loan. Are there documents that

1 reflect those loans?

2 A. It would be in a project folder.

3 Q. Are there notes?

4 A. No. There would only be --

5 Q. Book entries?

6 A. First of all, if there was loans -- do you mean like a
7 bank loan?

8 Q. No.

9 A. You mean an inter-company loan?

10 Q. If there's an inter-company.

11 A. There will be nothing at all.

12 Q. Okay. So --

13 A. It'll be documented in QuickBooks.

14 Q. So for instance, where East 62nd Street, there was a loan
15 to Michael Paul of 1.7 million, where do I -- I see it --

16 A. QuickBooks.

17 Q. -- on the petition but you're saying it's going to be a
18 book entry in QuickBooks but there's no corresponding
19 document, is that correct?

20 A. No. It's correct.

21 Q. With respect -- this is a very global question, but with
22 respect to any particular LLC, if there was going to be a
23 loan, would there be any meeting with anybody to approve that
24 or was that a matter of you simply saying I'm going to take a
25 loan from one entity to the other?

1 A. Simply me saying I'm going to take a loan from one entity
2 to the other.

3 Q. Did you consult with anyone when you were doing that?

4 A. No.

5 Q. Aspen Management LLC, when was that formed?

6 A. I don't know the date. I don't recall.

7 Q. Okay. And is that the 100 percent owner of Michael Paul
8 Enterprises?

9 A. It has nothing to do with Michael Paul Enterprises.

10 Q. There's no ownership relationship between Michael Paul
11 and Aspen?

12 A. None.

13 Q. Okay.

14 A. Aspen is a management company.

15 Q. Aspen Management LLC, when was that formed? Do you know?

16 A. I don't know.

17 Q. Was it formed in the State of New York?

18 A. I believe so. New York or Delaware.

19 Q. Who are the members?

20 A. I believe the sole member is Ronald D'Alessio.

21 Q. And Ronald D'Alessio, who is he? Your --

22 A. My brother.

23 Q. And was he since the date of formation the sole member?

24 A. No.

25 Q. If I go to the website it shows you, correct?

1 A. Correct.

2 Q. When did he become the sole member?

3 A. Several months ago.

4 Q. So prior to the bankruptcy filing?

5 A. Correct.

6 Q. And was that before or after using as the benchmark the
7 TRO that was entered in the state court proceeding?

8 A. Before.

9 Q. So was it before or after the litigation in the state
10 court was commenced?

11 A. It might have been after. That I don't recall the
12 specific date.

13 Q. Were you the 100 percent member prior to your brother
14 becoming a member?

15 A. Yes.

16 Q. And were you the managing member of that entity?

17 A. Yes.

18 Q. Was there any meetings or board meeting entry or
19 documentation transferring the ownership from you to your
20 brother?

21 A. No.

22 Q. How would one know when that occurred?

23 A. There was a formal agreement which would be in the
24 computer.

25 Q. And why did you transfer the Aspen Management LLC to your

1 brother?

2 A. Cause it has a -- it manages buildings and is a operating
3 entity with cash flow.

4 Q. Okay. So it's a valuable entity, correct?

5 MALE SPEAKER: I don't know if he said that.

6 A. Yeah, it's not really a valuable entity. Now it's not
7 worth anything.

8 Q. Well, let me just say we went through the 24 affiliated
9 cases that filed, correct?

10 A. Correct.

11 Q. But there are other buildings that you own directly or
12 indirectly or family members of yours own, correct? Unrelated
13 to the -- withdrawn. Does Aspen Management manage properties
14 other than the debtor entities?

15 A. Other than the debtor entities that you just called off?

16 Q. Yes.

17 A. Yes.

18 Q. And so the real property of the debtor entities include
19 the property at 145-147 East 62nd Street, the property at 227
20 East 67th Street, the real property at 184 East 64th Street, the
21 property at 1517 Circle Road in Scarsdale, 4143 Middle Pond
22 Road, correct? And 3 Sandpiper Court in Westhampton, correct?

23 A. Correct.

24 Q. Of those buildings or of that real property --

25 A. Most of those don't pay management fees.

1 Q. Well, correct. That was the next thought we were getting
2 to. There's three that have tenants, correct? 62nd, 64th, and
3 67th. Those three --

4 A. 67th pays a management fee, 64th pays a management fee.

5 Q. Yes.

6 A. 62nd never paid a management fee.

7 Q. So that would be slightly inconsistent with what Rita had
8 told us. But I suppose the books and records would verify
9 that.

10 A. Whatever the books and records --

11 Q. So Aspen Management was managing the apartment building,
12 correct?

13 A. Correct, correct.

14 Q. In addition, Aspen Management manages other properties,
15 correct?

16 A. I think it has two other properties which are I guess
17 [inaudible] bankruptcy.

18 Q. Are those the --

19 A. The Tremont Avenue, 3100. The 3100 East Tremont, the
20 3219 East Tremont, and the 3225 East Tremont.

21 Q. And does it also manage the property is it 3200, the
22 property that was transferred --

23 A. No.

24 Q. -- to your wife as part of the divorce?

25 A. No.

1 Q. Had it historically managed that property?

2 A. Yes.

3 Q. And did there come a time when it stopped managing that
4 property?

5 A. Yes.

6 Q. And when was that?

7 A. When it was transferred to Yvonne.

8 Q. Okay. And what is the business purpose of Aspen
9 Management?

10 A. Just a management company.

11 Q. And is it your belief that Aspen Management -- does Aspen
12 Management hold any other LL -- own any other LLCs?

13 A. No.

14 Q. No?

15 A. No.

16 Q. Does it hold an interest in any other LLCs?

17 A. No.

18 Q. And you don't believe it's --

19 A. It's worth nothing if it makes you --

20 Q. So let me just say it's not the value. I'm trying to
21 figure out the ownership structure. Okay. I don't --

22 A. It owns nothing.

23 Q. Okay. So I'm going to turn to the Michael Paul
24 Enterprises LLC petition. That entity was formed in or about
25 November of 2006, correct?

1 A. If that's what it says. I don't recall the date.

2 Q. Well, I can represent to you that that's what I located
3 with the Secretary of State for the date that that entity was
4 formed.

5 A. Okay.

6 Q. Does that refresh your recollection in any way as to when
7 it was formed? Yes?

8 A. It's fine.

9 Q. And so that's fine. I know it's colloquial and you and I
10 are communicating, but the answer is yes or no.

11 A. Yes.

12 Q. Does that sound about when it was formed?

13 A. Yes.

14 Q. And what was the purpose of Michael Paul Enterprises?

15 A. A general contracting company.

16 Q. And did it manage any of the other -- withdrawn. Did
17 Michael Paul Enterprises provide services to any of the other
18 debtor LLCs?

19 A. All of them.

20 Q. So it provided construction services?

21 A. Correct.

22 Q. What other services did it provide?

23 A. Just construction.

24 Q. And explain that to me. If you were building, for
25 instance, 1517 Circle Drive in Scarsdale, was it the project

1 manager? What was it doing?

2 A. It was the project manager.

3 Q. Showing you the Michael Paul Enterprises LLC statement of
4 financial affairs attached to the petition, question number
5 one, it indicates for the gross revenues from the business for
6 the year 2018 and then for the year 2017, do you see that?

7 A. Yes.

8 Q. But it indicates that the gross revenues are unknown.
9 Why are they unknown?

10 A. Because the accountant didn't close it out yet.

11 Q. Well in the prior, in 2016, the gross revenues were 25
12 million, is that correct?

13 A. Yes.

14 Q. Do you have any -- on QuickBooks do you reflect any --

15 A. I have no idea what the number is.

16 Q. Well, would that be reflected in QuickBooks in any way?

17 A. Correct.

18 Q. And so when you undertook to file the bankruptcy
19 petitions, did you attempt to ascertain what the gross
20 revenues were?

21 A. No.

22 Q. And what about that would require the accountant?
23 Wouldn't that be in QuickBooks, just the amount of money that
24 was received?

25 A. You would have to look at it. That's something the

1 accountant would do.

2 Q. Okay.

3 A. My office wouldn't do.

4 Q. All right. And you didn't do that in '16, '17, or '18,
5 is that correct?

6 A. Correct.

7 Q. And then the accounts that were closed at Bridgehampton
8 National Bank in November of 2017, were there any monies in
9 those accounts at the time that they were closed?

10 A. There were. I believe the bank swept them all.

11 Q. And where were the records with respect to that be
12 maintained?

13 A. In QuickBooks.

14 Q. Okay. Did you receive any correspondence with respect to
15 sweeping the account?

16 A. Yes.

17 Q. And that would be located where?

18 A. After the fact we sent -- I think we sent them a letter
19 from our attorney.

20 Q. Okay. So if there's correspondence for the debtor LLCs
21 with an attorney, where's that located?

22 A. In the file under that project or that bank.

23 Q. So and if there are bank statements for any bank
24 accounts, for instance and specifically Michael Paul
25 Enterprises, where are the bank statements?

1 A. I believe when they finalize each month, reconcile, they
2 make a copy of the statement and it's in the QuickBooks file.

3 Q. So I'm making demand -- well, we'll try to work that out
4 --

5 A. You have it all.

6 Q. -- with Rita but I don't have the bank statements and I
7 don't have correspondence from the attorneys to the extent
8 they step into the shoes of the LLC and there's any kind of
9 correspondence with the attorneys. Okay?

10 A. What I'd like to do is set a date that maybe you or
11 whoever you want, your designee, meet with Rita and I'll be
12 there as well and --

13 Q. I'm happy to meet with Rita. I'm going to go through my
14 demands. To the extent Rita can facilitate getting them --

15 A. We gave them to you already though.

16 Q. I don't have them. Listen, I'm not challenging you. We
17 have not located them. We may be incompetent, we may not be
18 looking in the right places, but I'm telling you what we're
19 looking for.

20 A. Okay.

21 Q. And so these are the demands and you're going to work
22 with us. I'm just saying is ultimately your responsibility
23 even if Rita is the conduit for the information. That's all
24 I'm saying.

25 A. Okay.

1 Q. Okay? Listed on the bankruptcy petition for Michael Paul
2 there are certain accounts receivable listing as 90 days old
3 or over 90 days old. Where would the supporting documentation
4 for those accounts receivable be?

5 A. In QuickBooks under that particular job.

6 Q. And so it's very difficult for me to tell under the
7 particular job because Michael Paul was the umbrella and did
8 the management for several projects. So when you look at this
9 petition and you're looking at Page 8 of 72, do you have any
10 recollection of what these receivables are reflected there,
11 one for \$855,000 and one for approximately 3.6 million?

12 A. It's all in QuickBooks. If you want somebody to walk you
13 through it, I will be happy to do that.

14 Q. Where --

15 A. I have my accountant there as well if you want.

16 Q. Okay. And where is the 2015 GMC Savanna listed on the
17 petition?

18 A. It is parked I believe at Katsura.

19 Q. Okay. Does it have plates on it?

20 A. No.

21 Q. You understand that nobody can be driving that vehicle,
22 correct?

23 A. Nobody's driving it.

24 Q. Okay.

25 A. It's parked at the property.

1 MALE SPEAKER: Is that the van?

2 MR. D'ALESSIO: The van, yeah.

3 Q. So on the Michael Paul bankruptcy there's listed a debt
4 to Cuddy & Feder LLP and it says legal fees for Katsura
5 Consultant Group. Were those legal fees incurred in
6 connection with the purchase of your home?

7 A. I have -- I don't recall. I have no idea.

8 Q. Well how about where would the correspondence with
9 respect to that invoice be?

10 A. Under Cuddy & Feder under Katsura.

11 Q. In the QuickBooks file?

12 A. Correct.

13 Q. Next there's a legal fee to Cutty & Feder for Beachwood 5
14 Associates LLC. What is that related to?

15 A. Another property with investors.

16 Q. And where is that property located?

17 A. In Purchase.

18 Q. Is that property sold?

19 A. We're trying to sell it.

20 Q. That entity has not filed for bankruptcy?

21 A. No, but there's a possibility we will be.

22 Q. What is the address of the property?

23 A. 3030 Purchase Street.

24 Q. And is there currently a contract of sale for that
25 property?

- 1 A. No.
- 2 Q. And is that Beachwood 5 Associates LLC?
- 3 A. Correct.
- 4 Q. And when was that property purchased?
- 5 A. Approximately a year ago.
- 6 Q. And how much was it purchased for?
- 7 A. 16 million maybe, 15, 16 million.
- 8 Q. And what type of property is it?
- 9 A. It was a two and a half --
- 10 Q. Commercial? Residential?
- 11 A. -- two and a half acre residential estate property.
- 12 Q. Did you knock down or --
- 13 A. We knocked down the house and got it approved for a new
- 14 building.
- 15 Q. Did you do a new building yet?
- 16 A. No.
- 17 Q. Who's the lender on that property?
- 18 A. The investors hold a note on that property. So it
- 19 structured a little different.
- 20 Q. There's listed a GM financing lease. What car is that?
- 21 There are two leases. Which leases are those?
- 22 A. They are probably the GMC Denalis.
- 23 Q. Is that the Denali you're currently driving?
- 24 A. No. They were turned in to the dealer.
- 25 Q. They are both returned to the dealer, is that correct?

1 A. Yes. All automobiles were returned to the dealers.

2 Q. Showing you Page 23 of 72 of your petition. There are
3 listed various trade debts, correct?

4 A. Correct.

5 Q. And this debt one is 41 Middle Pond Road Associates, 43
6 Middle Pond, 45 Middle Pond, Beachwood 5 Associates LLC. How
7 did you determine in the daily operation of your business to
8 pay trade debt? Was it always paid from Michael Paul
9 Enterprises LLC account or did the different LLCs have their
10 own bank account?

11 A. It was normally paid from Michael Paul but it could be
12 paid from the entity as well.

13 Q. And are there any agreements or documentation with
14 respect to it?

15 A. There's normally contracts and they would all be under
16 the job. You would have all of those.

17 Q. So for instance, if there was a construction completed at
18 3 Sandpiper and you needed to pay an engineer, an architect,
19 or the HP guy, whatever you were doing, would that bill be
20 invoiced to Michael Paul or it would be invoiced to Sandpiper?

21 A. Mostly all invoices were invoiced to Michael Paul.

22 Q. Right.

23 A. But soft costs were definitely paid out of the entity
24 checkbook because they were not a responsibility under the
25 Michael Paul contract.

1 Q. Okay. So for each of these properties there is a
2 contract with Michael Paul?

3 A. Correct.

4 Q. And define for us what a soft cost is versus --

5 A. An engineer, an architect, engineers, architects,
6 surveyors, anything that's not a hard cost.

7 Q. So those are soft costs and the soft costs were on
8 Michael Paul Enterprises?

9 A. No. They would bill -- everybody knew Michael Paul
10 Enterprises so they would bill Michael Paul Enterprises. But
11 if it was a soft cost, it was the responsibility of the
12 entity.

13 Q. So then --

14 A. The entity would cut the check.

15 Q. So tell me what the soft cost is again. Which ones?

16 A. The soft cost are architect, engineer, surveyor.

17 Q. So when you had the soft costs, the entity would pay it,
18 correct?

19 A. Yes.

20 Q. So then when I look at your petition for Michael Paul and
21 the trade debt, it has debt to architects that are listed for
22 Michael Paul.

23 A. Right.

24 Q. For instance, for Beachwood which is a non-debtor, it's
25 listed as a trade debt of Michael Paul which would be

1 inconsistent with it being a soft cost and going to the entity
2 level.

3 A. They don't know the entity. So when you go through the
4 file you're going to find a contract with the architect from
5 Michael Paul, not from the entity.

6 Q. Okay. So you would book it --

7 A. So legally --

8 Q. -- as a debt of Michael Paul. That would be the
9 contracting entity. But the entity would owe it back to
10 Michael Paul?

11 A. No. A contract -- Michael Paul would sign a contract
12 with an architect.

13 Q. Yes.

14 A. The payment for that was the responsibility of the LLC.
15 The LLC would cut the check directly in most cases to
16 [indiscernible], to the architect.

17 Q. Did the third party have any knowledge that the debt was
18 on behalf of the other LLC?

19 A. I have no idea.

20 Q. But the direct contract was Michael Paul, is that
21 correct?

22 A. It was always Michael Paul because that's the company
23 they knew.

24 Q. Okay.

25 A. Otherwise they'd be dealing with 100 different companies.

1 Q. And Rosenberg -- and it was easy to just have Michael
2 Paul receive all the bills, is that right?

3 A. Exactly.

4 Q. And so when the bills arrived, you know, even pursuant to
5 the mail forward, they're addressed to Michael Paul, correct?

6 A. Correct.

7 Q. What did Rosenberg & Estes PC do for Michael Paul? What
8 did they represent?

9 A. Various matters on the Manhattan stuff.

10 Q. And be a little bit more specific than that.

11 A. Like 67th Street, 64th Street, 62nd Street, 53rd Street.
12 All the entities that are in bankruptcy in Manhattan.

13 Q. They represented all of them?

14 A. In Manhattan, yeah.

15 MR. MANISCALCO: 53rd is not in bankruptcy, right?

16 MR. D'ALESSIO: If it's not, it may be. It's not
17 right now.

18 Q. What is the --

19 MS. O'TOOLE: I'm sorry, go ahead.

20 MR. MANISCALCO: Do you plan on filing it as a
21 bankruptcy?

22 MR. D'ALESSIO: I don't know. I don't intend to if
23 I don't have to. But if you tell me I have to, I will.

24 MR. MANISCALCO: Who are the members of that entity?

25 MR. D'ALESSIO: Same thing. It's me.

1 MR. MANISCALCO: You're a 100 percent member?

2 MR. D'ALESSIO: I'm the managing member, yeah. Am I
3 100 percent? No because I have the investor group. We have
4 investors.

5 MR. MANISCALCO: Well, there's the LLC [inaudible]
6 the holding company. Which one --

7 MR. D'ALESSIO: So I'm probably 50 percent of that,
8 but I'm the managing member.

9 Q. 50 percent of the holding company or 50 percent of the
10 LLC that holds the fee?

11 A. The fee? I'm 50 percent of the fee and the investors are
12 50 percent of the fee.

13 MR. MANISCALCO: And those documents are on the
14 drive?

15 MR. D'ALESSIO: Yeah.

16 MS. O'TOOLE: [Inaudible].

17 MR. MANISCALCO: No.

18 MS. O'TOOLE: Okay.

19 Q. What is the breach of contract action against Grotto
20 Plumbing related to?

21 A. They did plumbing work on prior jobs that have nothing to
22 do with any of this. That was several years ago. And they
23 breached their contract.

24 Q. Is there a lawsuit?

25 A. And we sued them, yeah.

1 Q. And where is that lawsuit pending?

2 A. It's pending.

3 Q. Where?

4 A. Westchester County.

5 Q. So it's listed on the bankruptcy petition as a cause of
6 action against third parties on the Michael Paul Enterprises
7 petition. Do you have reason to believe it's not an asset of
8 the Michael Paul bankruptcy?

9 A. I believe it's going to be an onset of Michael Paul.

10 Q. And who's the attorney representing Michael Paul in that
11 action currently?

12 A. Ed Shapiro.

13 Q. Okay. And should you be contacted by any attorneys
14 representing anybody in connection with any of the lawsuits on
15 these LLCs you should direct them to me or my law firm. I saw
16 that some attorney wrote a letter to --

17 A. I think Ed did.

18 Q. Well, he wrote a letter to a court.

19 MALE SPEAKER: That's Ed. That was Shapiro.

20 MS. O'TOOLE: Yes. Okay.

21 Q. In the future though should they contact you, they should
22 first reach out to us --

23 A. Okay.

24 Q. -- so we can formulate our position --

25 A. Okay.

1 Q. -- because he doesn't necessarily have authority to act.
2 But he was just advising the court. All right. So I have a
3 lot. I put -- I'm going to try to go through each of these as
4 best I'm able to. East -- I'm on 145 East 62nd Street and
5 that's the holding LLC. Did you have different accountants
6 representing different entities?

7 A. No.

8 Q. So I see on a couple of them Rifkin and Company has the
9 books and records.

10 A. I'm sorry, I correct myself. Rifkin did a few, maybe
11 three or four.

12 Q. Okay. And they understand that you filed for bankruptcy?

13 A. Yes.

14 Q. I'm showing you the 145-147 East 62nd Street Holding LLC
15 statement of financial affairs, question number one, gross
16 revenues. Again, they are listed as unknown. Why is it that
17 you could not ascertain the revenues of the entity? Did it
18 have any?

19 A. That's very minimal on that.

20 Q. And what do you mean very minimal?

21 A. Well, the rent roll is only, I don't know, I think 7,000
22 a month or so.

23 Q. And where's this property located?

24 A. 62nd Street.

25 Q. Did Holdings hold the fee?

1 A. Associates holds the fee.

2 Q. Right.

3 A. Holding owns 50 percent of the fee.

4 Q. Were the rents deposited into the holding company or into
5 Associates?

6 A. Associates.

7 Q. So did this entity have a bank account? It did at
8 Greater Hudson Bank.

9 A. I'm sure. Yes.

10 Q. And Signature Bank. And you closed those accounts in or
11 about April 30, 2018?

12 A. Yes.

13 Q. And where did the proceeds go from those accounts?

14 A. I don't recall. Probably to the next bank that we were
15 using.

16 Q. When you closed -- so for each of the affiliated debtors
17 that we're going through today, the accounts were closed in or
18 about April of 2018, is that right?

19 A. Yes.

20 Q. And you're saying you created accounts at a different
21 bank for each of the different entities?

22 A. Correct. What happened was after B&B, after the
23 experience with B&B where they swept all the money from the
24 accounts --

25 Q. Yes.

1 A. -- when we knew there was going to be an issue with a
2 particular property we moved the bank account so that it
3 wouldn't be swept. And you'll have all those bank accounts on
4 QuickBooks.

5 Q. And will I now have all of the money --

6 A. Yes.

7 Q. -- from those accounts?

8 A. Yes.

9 Q. Those checks were Federal Expressed to my office today?

10 A. Yes.

11 Q. And how much was sent to my office?

12 A. I have no idea.

13 Q. You have no idea?

14 A. No idea. I just signed them.

15 Q. How many checks did you sign?

16 A. I want to say three or four.

17 Q. Okay. I'm now at 184 East 64th Street Holdings and there
18 is listed non-business revenue on the statement of financial
19 affairs and there's a guarantee payment. Do you see that
20 guarantee payment of \$1.7 million?

21 A. Yeah. Which property is this?

22 Q. This is --

23 A. 64th Street.

24 Q. Yes.

25 A. 64th Street.

1 Q. Holding LLC.

2 A. Guaranteed payment, yes.

3 Q. And what is that?

4 A. Preferred return to the investors. That means the
5 investors received \$1.7 million in return.

6 Q. And where did that revenue come from?

7 A. Where did the --

8 Q. So it would be correct to say --

9 A. That's not revenue. Isn't that expense?

10 Q. I'm not going to answer your question, but Part 1 says
11 gross revenue and it says unknown as it says on each petition.
12 And then the second says non-business revenue and it says
13 guarantee payment. Not surprisingly in 2017 it's unknown but
14 in 2016 there's 1.7 and that says include revenue regardless
15 of whether that revenue is taxable. Non-business income may
16 include interest, dividends, money collected from lawsuits or
17 royalties. And so this is listed as a receipt, not a
18 distribution on your return, I mean on your petition. Do you
19 see that?

20 A. It's a question I have to ask my accountant.

21 Q. Okay. Do you recall being paid on a guarantee and that
22 money went into holding?

23 A. Which entity is that again?

24 Q. This is 184 East 64th Street Holdings LLC.

25 A. Okay. So now I can explain. So Associates pays Holding.

1 Holding would have received that money as a guarantee payer
2 and then disbursed it to all the investors.

3 Q. So there --

4 A. So it's an in and an out of that amount of money.

5 Q. So there should be a money trail of money going from
6 Associates to Holdings and it's your testimony that money went
7 to the investors?

8 A. Correct.

9 Q. Were you one of the investors or any entity controlled by
10 you?

11 A. I'm an investor in every project.

12 Q. Right. So would you have received some of those
13 distributions?

14 A. Correct.

15 Q. Were there -- is there any contemporaneous documents when
16 distributions were being made? Any minutes, any notes?

17 A. No. Just checks.

18 Q. And how would that happen? Would you just say to Rita or
19 somebody --

20 A. Cut the checks for the first of the month.

21 Q. Okay.

22 A. She cut them all. I'd sign them all. We'd send them
23 out.

24 Q. Next is Bluestone 184 LLC. That entity was formed in or
25 about 2015, is that correct?

1 A. Correct.

2 Q. And what was the nature of that business?

3 A. That's the entity that holds my, substantially my portion
4 of -- Associates owns the fee. Holding typically owns 50
5 percent of that entity. The other 50 percent is owned by a
6 Bluestone entity which is me if you will. Sometimes it's me
7 and a few other investors.

8 Q. And that's how you receive your return on the
9 investments?

10 A. It would go to Bluestone.

11 Q. Well, just be careful. There's more than one Bluestone.
12 It would go to Bluestone 184 LLC?

13 A. Right.

14 Q. Okay. I'm showing you that petition, the statement of
15 financial affairs. Again, I point you to question number one,
16 the gross revenues for 2016, 7. For '16 it's indicated as
17 zero and for '17 and '18 it's listed as unknown. Why is that?

18 A. I can't answer that. It's a question for the accountant.

19 Q. Well --

20 A. But there was probably no income. There was no income on
21 that.

22 Q. See, but in '16 you put zero and that would suggest none.
23 But in '17 and '18 you put unknown. So is it zero or unknown?

24 A. I can't answer that.

25 Q. And you can't answer that because you have no

1 recollection whatsoever --

2 A. I have no recollection.

3 Q. -- or you want me to talk to the accountant?

4 A. I have no recollection otherwise I would tell you.

5 Q. Okay.

6 A. It's really an accounting --

7 Q. How in any given period of time did you predict your
8 ability to pay bills, your personal bills?

9 A. I don't understand the question.

10 Q. Well, each of these petitions indicate that your gross
11 revenues were unknown from any number of the entities, right?
12 Yes?

13 A. Yes.

14 Q. And so how did you know how much money you were going to
15 have in a given month for your personal expenses?

16 A. I didn't but my expenses are sub -- are minimal.

17 Q. Well, your current rents right now are like 12,000 a
18 month, aren't they, in the apartments that you have?

19 A. That's minimal compared to the money I was making.

20 Q. Okay. But how do you know where you're going to get your
21 money to pay your rent?

22 A. So I had my own portfolio with no investors --

23 Q. Right.

24 A. -- for over 20 years, 25 years.

25 Q. And you know, I just did your personal 341 and where was

1 this -- what's in this portfolio?

2 A. The only thing left right now is those three Tremont
3 properties.

4 Q. Okay.

5 A. That's it.

6 Q. So where do you get the money to pay 12,000 a month in
7 rent?

8 A. From those properties.

9 Q. And that's the sole source of the money you have to pay
10 your rent?

11 A. Well no. Then I have contracting income from Michael
12 Paul.

13 Q. Are you continuing to contract --

14 A. No, no, no, no.

15 MALE SPEAKER: [Inaudible].

16 A. I'm talking prior to bankruptcy filing. As of today I'm
17 on unemployment. I'm not doing --

18 Q. You are on unemployment?

19 A. Yeah. I'm doing nothing as of now.

20 Q. So there is a difference between doing nothing and
21 actually receiving unemployment.

22 A. I'm receiving unemployment.

23 Q. And where are you receiving -- on behalf of which entity
24 are you receiving unemployment?

25 A. Michael Paul.

1 Q. Okay. I didn't receive anything about your unemployment
2 in the mail forward. Did you submit your paperwork for
3 unemployment?

4 A. Yes.

5 Q. Okay. And when did you do that?

6 A. A couple of weeks ago.

7 Q. And what did you put down as your income when you sought
8 unemployment?

9 A. I don't recall. I'll give you a copy.

10 Q. Okay. I'm going to make demand for a copy of that.

11 Next, I'm turning to 184 East 64th Street Associates.

12 MALE SPEAKER: Did you do Holdings before? Is that
13 what you did?

14 MR. D'ALESSIO: Yeah.

15 MS. O'TOOLE: Yes.

16 Q. And the debt of 184 East 64th Street on the petition is
17 9.3 million, is that correct?

18 A. If that's what's stated there, yes.

19 Q. And I'm just going to go to the statement of financial
20 affairs. Once again I'll point out to you question number
21 one, the income is listed as unknown, is that right?

22 A. Correct.

23 Q. And there is also listed there the 1.7 guarantee which we
24 just went through, so I did this one already. Forgive me.
25 227 East 67th Street Associates, that building is an apartment

1 building, is that correct?

2 A. Correct.

3 Q. And it has tenants in it?

4 A. It's actually a high-end condominium building and the
5 condos didn't sell. So we had no choice but to rent it to try
6 to offset the expenses. It doesn't carry itself. It's six
7 units.

8 Q. Okay.

9 A. Very high end.

10 Q. Right.

11 MR. MANISCALCO: When you say condo building, that
12 means the condos have already been approved and deeds issued?

13 MR. D'ALESSIO: No. They were approved.

14 MR. MANISCALCO: They were approved. So --

15 MR. D'ALESSIO: But we never sold any so it was
16 never -- you need to sell I think 15 percent of the building
17 to be effective. We never got to that point.

18 MR. MANISCALCO: So it never became effective?

19 MR. D'ALESSIO: No. But we did file the condo. It
20 was approved.

21 MR. MANISCALCO: So the fee ownership is still in
22 the Associates entity --

23 MR. D'ALESSIO: Correct.

24 MR. MANISCALCO: -- all six units, the entire
25 building?

1 MR. D'ALESSIO: Correct.

2 MR. MANISCALCO: Okay. And when did it get
3 approved?

4 MR. D'ALESSIO: Oh, I want to say about two years
5 ago.

6 MR. MANISCALCO: So for the past two years you've
7 been renting it?

8 MR. D'ALESSIO: Well, we tried to sell it first and
9 then when we got desperate we started to rent it. I can't
10 tell you exactly one but I would say we probably rented it
11 maybe a year now, ten months, 11 months.

12 MR. MANISCALCO: Is it listed for sale?

13 MR. D'ALESSIO: It was listed for sale, yes.

14 MR. MANISCALCO: For how much?

15 MR. D'ALESSIO: I don't know the last number.

16 MR. MANISCALCO: Can you give me an approximate
17 number?

18 MR. D'ALESSIO: I believe the units were listed
19 between 4 and a half and 7 and a half.

20 MR. MANISCALCO: Were you listing the units or were
21 you listing the building or both?

22 MR. D'ALESSIO: We listed the units at first because
23 that's where the money was. Then when we got desperate we
24 tried to list the building. And then when we couldn't sell
25 anything, the office we were getting for the building didn't

1 even cover -- it was less than break even.

2 MR. MANISCALCO: What was break even? Do you have
3 an idea?

4 MR. D'ALESSIO: It was like low 20 millions. I
5 don't remember the number.

6 MR. MANISCALCO: Lower than break even though?

7 MR. D'ALESSIO: Yeah. The last break even that I
8 remember was like 27 million. Maybe now it's 28 million.

9 MR. MANISCALCO: Now when you say break even, that's
10 what it cost you for this project?

11 MR. D'ALESSIO: That's what it cost hard, soft,
12 everything.

13 MR. MANISCALCO: Then would it be fair to say your
14 basis in this property is \$27 million?

15 MR. D'ALESSIO: Yep. That's our basis but the
16 offers were substantially less than that.

17 MR. MANISCALCO: This building has a first mortgage
18 on it?

19 MR. D'ALESSIO: It has a first mortgage of 20
20 million with Preferred.

21 MR. MANISCALCO: It's Preferred Bank?

22 MR. D'ALESSIO: Yes.

23 MR. MANISCALCO: That's all I have.

24 MS. O'TOOLE: Okay.

25 Q. Turning to the statement of financial affairs, part two,

1 it says list certain transfers made before the filing.
2 There's listed transfers in the year before the filing to
3 Michael Paul Enterprises care of Aspen of 422,000 or so. And
4 it says payments on construction contracts. Are there
5 documents that reflect those transfers?

6 A. Can I see that?

7 Q. Yes.

8 A. What entity is this?

9 Q. This is --

10 MR. MANISCALCO: 227 --

11 Q. -- 227 East 67th Street.

12 A. There was a payment to Michael Paul. It's on open
13 construction balance.

14 Q. Is there an agreement that exists between Michael Paul
15 and that entity?

16 A. Yes.

17 Q. And where would that agreement be?

18 A. On the hard drive.

19 Q. And there's also next question number four, payments or
20 other transfers of property made within one year before this
21 case was filed. Do you see that as well?

22 A. Yes.

23 Q. And then there's transfers to Michael D'Alessio of \$3.8
24 million.

25 A. Correct.

1 Q. And they indicate loans and repayments of loans?

2 A. Correct.

3 Q. Are there any loan agreements with respect --

4 A. No.

5 Q. -- to those repayments?

6 A. No.

7 Q. How would you decide whether there would be a loan
8 repayment?

9 A. You would see that I put in that money.

10 Q. And --

11 A. If you look at the ins and outs you'll see I put that
12 money in and then I reimbursed myself the money back.

13 Q. Okay. Remind me what date you sent the letter to your
14 creditors that you made every attempt but it wasn't going to
15 work out? Is that in or about February of 2018?

16 A. I don't recall. You have a copy of --

17 Q. Do you remember when the TRO was entered in the case?

18 A. I don't.

19 Q. Was that in March of 2018?

20 MALE SPEAKER: April.

21 MS. O'TOOLE: April?

22 MALE SPEAKER: March?

23 MS. KIRBY: 28th.

24 MALE SPEAKER: March 28th.

25 Q. And so I see that there are transfers to Michael Paul

1 Enterprises and to Michael D'Alessio occurring in February, in
2 April, and then [inaudible] May. Did you make distributions
3 to Michael Paul Enterprises and to yourself after you advised
4 creditors there were insufficient funds to make payments to
5 them?

6 A. I don't recall. I don't know.

7 Q. Well, do you have any doubt? If you look at the dates on
8 the petition -- did you assist in preparing this schedule of
9 payments?

10 A. According to this, this was all done before the TRO.

11 Q. But it wasn't done before you sent the letter to the
12 investors, is that correct? At this point --

13 A. I don't have a letter, so but --

14 Q. Okay. All right. And your testimony is that the only
15 way to follow these is to look at book entries?

16 A. Correct.

17 Q. And how did you come out with the dates that amassed or
18 equal 3.8 million? What did you look at? QuickBooks?

19 A. Yeah. If you look at QuickBooks under those dates you'll
20 see entries.

21 Q. Is there -- was there an Excel spreadsheet or anything
22 created --

23 A. No. QuickBooks.

24 Q. -- as to the amounts?

25 A. QuickBooks.

1 Q. Okay. So if somebody just did a search for all payments
2 to you within that entity?

3 A. Correct.

4 Q. Okay. And the Aspen Management [inaudible] East 67th
5 Street, is there a contract with Aspen Management to manage
6 that property or any property?

7 A. There's no contracts with Aspen.

8 Q. And that's because you owned the entity up until a few
9 months before filing?

10 A. Correct.

11 Q. All right. And what was the monthly amount that was paid
12 to Aspen?

13 A. I have no idea.

14 Q. Where would one confirm the amount that Aspen was to be
15 paid?

16 A. In QuickBooks.

17 Q. Okay. So that's the amount that was paid but was there a
18 fixed amount -- it was paying for the services that was
19 rendered.

20 A. It's a percentage of rent roll. I don't know the
21 percent. It might be 5 percent, 7 percent.

22 Q. And is there an agreement somewhere that said --

23 A. There's no --

24 Q. -- Aspen was -- so --

25 A. There's no Aspen agreements.

1 Q. -- other than your head, how would somebody know the
2 percentage that Aspen would receive?

3 A. Because the office knew that with all -- anything that
4 Aspen managed it was X percent, whether it's 5 percent or 7
5 percent of the rent roll is the management fee.

6 Q. And who in the office would know that?

7 A. Rita.

8 Q. She knew the percentage?

9 A. Correct.

10 Q. But there was no document reflecting it?

11 A. No.

12 Q. And she would simply reconcile the books and decide --

13 A. It's a recurring check every month to memorize the
14 transaction.

15 Q. Right. And so it exists purely in somebody's head,
16 correct?

17 A. No. It's in QuickBooks. If you go to pay your bills at
18 the 1st of the month and you go into memorized transactions you
19 know what you have --

20 Q. Oh, I see what you're saying. QuickBooks has memorized
21 it but it's a percentage.

22 A. Exactly.

23 Q. But it's not written down anywhere?

24 A. No.

25 Q. And it's based on the rent roll?

1 A. Yes.

2 Q. Is it based entirely on the rent roll?

3 A. Yes.

4 Q. And did Aspen also manage the building at 145-147 62nd
5 Street?

6 A. It managed it but somehow I was just informed yesterday
7 that we never took a fee on it.

8 Q. Okay. And --

9 A. It just slipped through the cracks. I don't know what
10 happened.

11 Q. Well, it's a rent stabilized building?

12 A. Yeah.

13 Q. Are those units rent stabilized?

14 A. Yes.

15 Q. Is that what they are?

16 A. Yes.

17 Q. And are those tenants current on paying their rent?

18 A. I don't know but probably. It would be a wonderful thing
19 if they were but I assume --

20 MALE SPEAKER: But I think [inaudible] yesterday.

21 A. I think they're current.

22 Q. It's rent stabilized, not rent controlled, is that
23 correct?

24 A. Stabilized.

25 Q. Okay.

1 MR. LEIBOWITZ: When you say we didn't take a fee,
2 do you mean a management fee?

3 MR. D'ALESSIO: Yeah.

4 MS. O'TOOLE: And that's Aspen.

5 MR. LEIBOWITZ: On 62nd.

6 MS. O'TOOLE: That's 62nd, correct.

7 MR. LEIBOWITZ: Thank you.

8 MS. O'TOOLE: And just for the clarity of the record
9 that was Jason Leibowitz that was speaking.

10 MR. D'ALESSIO: And who do you represent?

11 MS. O'TOOLE: Maverick, right?

12 MR. LEIBOWITZ: Yeah. And 145 East 62nd Street.

13 Q. And then in or about April of 2018 the Greater Hudson
14 account was zeroed out as well --

15 A. Yes.

16 Q. -- for this entity? And again, we should be able to see
17 that zero out or transfer of the funds to a new account?

18 A. Correct.

19 Q. Where were the new accounts maintained? What bank?

20 A. I don't know. We used several banks.

21 Q. Well, so it's imperative that you identify where you
22 moved the monies. I need to know. It's a global thing. If
23 you want to point me in the direction, but we need to know any
24 and all bank -- where any and all the debtor's monies are
25 located.

1 A. I have no problem meeting with whoever you want me to
2 meet with to walk them through this.

3 Q. I do appreciate that but your testimony is important too.
4 So to the extent that you have any recollection of the
5 information you should attempt to let us know.

6 A. I am. I just, I don't --

7 Q. Okay. I'm just trying to make some judicious decisions
8 because we are pressed for time. Now I'm turning to 145-147
9 East 62nd Street Association and as mentioned, this is the rent
10 stabilized building.

11 A. Correct.

12 Q. There are six tenants.

13 A. Yes.

14 Q. And one commercial portion of the building is not
15 occupied, is that correct?

16 A. Correct.

17 MS. O'TOOLE: And I'm going to [inaudible].

18 MR. MANISCALCO: Yeah. How much is invested in that
19 building. What is your basis?

20 MR. D'ALESSIO: I have no idea.

21 MR. MANISCALCO: Did [inaudible] pay for it?

22 MR. D'ALESSIO: Paid I want to say between 5 and \$6
23 million.

24 MR. MANISCALCO: When did you do that?

25 MR. D'ALESSIO: Approximately two years ago.

1 MR. MANISCALCO: Do any improvements to it?

2 MR. D'ALESSIO: We started, yes. We took over one
3 apartment, one rent stabilized apartment and downloaded. We
4 took -- we vacated the two commercial tenants that were there
5 and downloaded that.

6 MR. MANISCALCO: Estimate the amount of capital
7 improvements you put in there. How much did you put in?

8 MR. D'ALESSIO: I have no idea.

9 MR. MANISCALCO: Where can I get that?

10 MR. D'ALESSIO: On QuickBooks.

11 MR. MANISCALCO: Did you file tax returns for this
12 entity for 2017 or 2016? Do you know?

13 MR. D'ALESSIO: I don't think so. I think we're on
14 extension.

15 MR. MANISCALCO: For '17?

16 MR. D'ALESSIO: I don't know about '16.

17 Q. Did any of these entities file consolidated tax returns?

18 A. No.

19 Q. Or did they all file their own individual returns?

20 A. All individual.

21 Q. And are they all on extension for 2017?

22 A. Correct.

23 Q. And when I say all, the affiliated debtors that we
24 discussed.

25 A. Everything is on extension.

1 Q. Okay. So if anything, the last returns that were filed
2 were 2016 and some of those --

3 A. I think '15, right?

4 Q. Okay. So you haven't filed '16 either?

5 A. I don't think so. I think '16 is on --

6 MR. MANISCALCO: '16 can't be on extension. '16
7 would be late.

8 MR. D'ALESSIO: So then '16 was done, '17 is on
9 extension.

10 MR. MANISCALCO: '17 would have been due March 31st.

11 MR. D'ALESSIO: And I think the extension is October
12 or September.

13 MR. MANISCALCO: Okay.

14 MR. D'ALESSIO: Which is an aside I want to just
15 bring up. We get a lot of phone calls from the investors
16 about the tax information and we don't know what to do.

17 MR. MANISCALCO: Was it the same accountant for all
18 these?

19 MR. D'ALESSIO: Yes.

20 Q. Well, that's not exactly true because Rifkin was the
21 accountant on certain --

22 A. He did like three of them.

23 Q. And [inaudible] was the accountant on others. So --

24 A. The PC is going to be doing everything now.

25 MR. MANISCALCO: So the PC was the accountant for

1 all these entities except Rifkin --

2 MR. D'ALESSIO: Did like three of them.

3 Q. And how do you know the PC?

4 A. He's my accountant for 30 years.

5 Q. And how did you first meet him? Did you go to school
6 with him?

7 A. No.

8 Q. Did you grow up with him?

9 A. I met him through another builder.

10 Q. Okay. Turning now [inaudible] 145-147 East 62nd Street
11 Associates statement of financial affairs, question number 30
12 for payments to the insiders. There are some payments that
13 were made to you including as recently as May 9th. How was it
14 determined that those payments would be made to you?

15 A. I have no idea.

16 Q. Well, Rita doesn't sit down and say today I'm going to
17 write a check to Mike for some amount of money.

18 A. She goes in QuickBooks monthly.

19 Q. Yes.

20 A. And if there's money due --

21 Q. And how would one decide if money is due? Do you have an
22 agreement or something that you're supposed to get money out
23 of the rent stabilized building?

24 A. This is a reimbursement of loans and this is a payment
25 for a service call.

1 Q. Okay. But what -- right. It says loans working capital.

2 Right. That's the basis for why you receive the money?

3 A. Because I lent them the money.

4 Q. How does somebody know there's a loan or money given for
5 working capital?

6 A. Because when they lend money from the account, from the
7 funding account, they make a memo in QuickBooks.

8 Q. And do you get paid back right away, do you get paid back
9 in 60 days?

10 A. As soon as I can get paid back. I mean the instruction
11 is --

12 Q. So you loaned your personal money?

13 A. To all of these entities. I loaned my personal money to
14 every single entity.

15 Q. And then you paid yourself back?

16 A. Exactly.

17 Q. Okay. Do you gamble?

18 A. I have on occasion.

19 Q. But do you gamble? Do you gamble large amounts of money?

20 A. I have on occasion.

21 Q. The money that we discussed, and I'm sure you know it was
22 filed in court papers, at the Bellagio, did you gamble that
23 money?

24 MALE SPEAKER: Gambled [inaudible] --

25 Q. Is that where you're gambling?

- 1 A. Yes.
- 2 Q. All right. How often do you go to the casino?
- 3 A. Once a month.
- 4 Q. And where do you go to the casino?
- 5 A. I go to -- not Bellagio. The one that's on the paper. I
6 forget the name of it. In Atlantic City.
- 7 Q. On the what?
- 8 A. On the filings.
- 9 MALE SPEAKER: The schedules.
- 10 A. On the schedule.
- 11 Q. Okay. But when you go to a casino are you gambling?
- 12 A. Sometimes.
- 13 Q. But not always?
- 14 A. No.
- 15 Q. What is the largest amount of money that you put on a bet
16 at a casino?
- 17 A. A couple of hundred dollars.
- 18 Q. Couple of hundred?
- 19 A. Yeah.
- 20 Q. Not a hundred thousand, right?
- 21 A. No.
- 22 Q. Right. And have you lost? What's the largest amount of
23 money you've lost at a casino?
- 24 A. A couple of hundred thousand.
- 25 Q. A couple of hundred thousand?

1 A. Yeah. I've also --

2 Q. And when was that?

3 A. I've also won several hundred thousand.

4 Q. The property --

5 MR. ROSEN: She asked you -- can I ask him
6 something?

7 MS. O'TOOLE: Sure. But for the record, Sandy Rosen
8 speaking.

9 MR. ROSEN: The trustee asked you did you ever loan
10 your money to these entities and having been paid back. Were
11 you fully paid back?

12 MR. D'ALESSIO: No. Just for the record, I borrowed
13 over \$13 million personally on my name on my portfolio that
14 went into these projects.

15 Q. I'm your personal trustee. I get --

16 A. I just want to put it on the record.

17 Q. -- that you have debts.

18 A. I just want to put it on the record.

19 Q. Okay. And for the purposes of bankruptcy --

20 A. And as far as gambling, I have never gambled with anybody
21 else's money, any investor money. Okay? I make or made a
22 substantial income and the amount of money I gambled was
23 minimal compared to the kind of money I made.

24 Q. I make -- I don't even know that --

25 A. Just for the record.

1 Q. -- you do gamble.

2 A. Just for the record.

3 Q. It's not -- it's a different question that I'm asking.

4 The property -- I'm going to start -- stop going through the
5 entities a little bit and try to focus on some properties. I
6 want to ask you about 1517 Circle Road in Scarsdale. Which
7 entity owes the fee in that just for brevity here?

8 A. There's two entities. They each own the fee. 15 owns
9 15, 17 owns 17.

10 Q. Okay. And which one has the partially built house on it?

11 A. I believe 17 is the one that is substantially complete.

12 Q. Okay. And when you say substantially completed, it's
13 hard to put a percentage on it, but do you have a sense?

14 A. 80 something.

15 Q. Okay. Does it have air condition and duct work in the
16 house?

17 A. Yes.

18 Q. Does it have drywall up in the rooms?

19 A. Yes.

20 Q. Are the walls painted?

21 A. No.

22 Q. Is the kitchen in?

23 A. Ordered.

24 Q. How about plumbing?

25 A. All in.

1 Q. Bathrooms completed?

2 A. No.

3 Q. Okay.

4 A. Finishes aren't completed.

5 Q. What did you purchase that property for?

6 A. I don't recall the amounts but I believe it was in the
7 neighborhood of a million one to a million two per lot.

8 Q. And what's the current debt on the property? Secured
9 debt.

10 A. I don't know.

11 Q. About 800,000 or so?

12 A. No, I think it's more than that.

13 Q. You do? Okay. And then the other property, the vacant
14 lot next door, is --

15 A. We improved it.

16 Q. The foundation hasn't been poured, right?

17 A. We removed the rock, we put up the retaining wall, and we
18 installed the sewer.

19 Q. Okay.

20 MR. MANISCALCO: This is 15?

21 MR. D'ALESSIO: On 15.

22 Q. And on 15 that retaining wall, was that approved by
23 Scarsdale or the town or anything?

24 A. Yes.

25 Q. It was. Okay.

- 1 A. They asked us to put it up first.
- 2 Q. Okay. The foundation is dug but nothing's poured, right?
- 3 A. No.
- 4 Q. And then the blocks are there to do it?
- 5 A. No. It would be poured concrete.
- 6 Q. There are big cement -- do you know what those are?
- 7 A. That's leftovers from the retaining wall.
- 8 Q. Oh, okay. All right.
- 9 A. And just for the record on this project, this was a
- 10 project that was moving full steam ahead and would have been
- 11 sold and the investors would have got all their money back and
- 12 made money if it wasn't for a lawsuit by a couple of the
- 13 investors.
- 14 Q. And did you have a prospective purchaser?
- 15 A. No.
- 16 Q. Did you have an estimated price on resale of that home?
- 17 A. Yes.
- 18 Q. And what was that?
- 19 A. I believe 3.3 or 3.4.
- 20 Q. It was finished?
- 21 A. Finished.
- 22 Q. And that is in the Scarsdale school district?
- 23 A. Yes. The best one in Scarsdale.
- 24 Q. Elementary wise you're saying?
- 25 A. I think it's one of the best ones.

1 Q. And then the second -- was there -- you knocked down the
2 house on 13?

3 A. No. We bought the property. The house was already
4 knocked down and subdivided into two lots.

5 Q. Okay. So had another builder attempted to --

6 A. Yes.

7 Q. -- do that but unsuccessfully?

8 A. Yes.

9 Q. And then what did you anticipate you could sell the other
10 home for? About the same 3.3?

11 A. Same thing. Like 100,000 less.

12 Q. And what did you purchase, I may have asked, but 15 for?

13 A. Like a million one, million two per lot.

14 Q. Even with the knockdown? So was knockdown already -- 15
15 was knocked down already?

16 A. There was -- we didn't do any demolition.

17 Q. Nothing on either.

18 A. We didn't do -- the demolition was done before us. So we
19 had vacant land.

20 Q. So you purchased -- both were vacant lots?

21 A. Both were vacant lots, two separate --

22 Q. And you purchased them each for one one. And you --

23 A. One one or one two. I don't remember the number.

24 Q. And then you thought you could build and net about 2
25 million?

1 A. Right.

2 Q. How much have you invested or put into building 17?

3 A. I have no idea.

4 Q. And the documents with respect to that are going to be
5 reflected in QuickBooks?

6 A. Absolutely.

7 Q. Now, part of my problem, assuming I have QuickBooks or
8 can access it or eventually will get it, not assuming I will -
9 -

10 A. You will.

11 Q. I know I will. How do we look at the -- we're trying to
12 get to the basis of the property and what it cost to build
13 there, right? Is that going to be under Michael Paul
14 Enterprises or is that going to be under 15 or 17? So how do
15 I break out your soft and your hard?

16 A. So you're going to take both. The soft is going to
17 appear on the LLC.

18 Q. Okay.

19 A. The fee LLC is going to have the soft.

20 Q. Yes.

21 A. And the hard is a fixed number. We always signed a
22 contract so there wouldn't be a conflict of interest. We
23 always signed a contract between -- for an agreed price for
24 construction.

25 Q. So it's an agreed price and not a percentage on the

1 construction.

2 A. It was agreed price.

3 Q. And do you know what your agreed price for the
4 construction of --

5 A. I don't.

6 Q. Was Michael Paul paid for that construction, any portion
7 of it?

8 A. I'm sure they were. I don't know the amount.

9 Q. Okay. So next I want to move to 227 East -- we did that
10 one. All right. 4143 --

11 MR. MANISCALCO: Middle Road. Right.

12 MR. D'ALESSIO: And 45.

13 MS. O'TOOLE: Right.

14 MR. MANISCALCO: And what about 38?

15 MR. D'ALESSIO: 39. 39 just do separately.

16 Q. We should do it separately?

17 A. Yeah.

18 Q. Right.

19 A. Talk about 41, 43, 45.

20 Q. Okay.

21 A. They're all vacant, approved building lots.

22 Q. Were they that when you purchased them?

23 A. No.

24 Q. And what did you purchase 41, 43, and 45 for?

25 A. I have no idea.

1 Q. And what was the impediment to building them?

2 A. Yes.

3 Q. The bankruptcy or the other lawsuit?

4 A. The impediment was the lawsuit.

5 MR. MANISCALCO: When did you start building 39?

6 MR. D'ALESSIO: 39 I built last year. It's about
7 one year old. If you want to talk about 39, 39 is completed.

8 Q. Had you begun to market and sell that or what --

9 A. We had it up for I think 4.9.

10 Q. Was there a listing you did?

11 A. Yes.

12 Q. And who's that with?

13 A. Nest Seekers.

14 Q. Did you receive any offers?

15 A. We constantly received offers. We were holding out
16 because we felt we could get more money. And then
17 unfortunately, once we started with the subdivision, it became
18 harder to sell the house. Anybody with foresight doesn't
19 really want to be --

20 Q. On top of their neighbor.

21 A. You know, for two years with construction around them.
22 Because the way it is it's 39, you're surrounded by the vacant
23 lots.

24 Q. Yes. Okay.

25 A. So what happened is we had trouble selling because of the

1 global project.

2 Q. Is that still listed?

3 A. No. I didn't renew the listing.

4 Q. Okay. And then let's go through 41, 43, and 45. Those
5 are vacant but they're approved to go?

6 A. Vacant approved.

7 Q. Okay. How about 3 Sandpiper?

8 A. Vacant and approved.

9 MR. MANISCALCO: There's nothing on Sandpiper at
10 all?

11 MR. D'ALESSIO: No. We took the old house down and
12 got the new house approved.

13 Q. What was that one, what was that property purchased for?

14 A. I want to say one seven, one eight.

15 Q. And that was with the house on it though?

16 A. Yeah.

17 Q. Okay.

18 A. That's on the water.

19 MR. MANISCALCO: Is it deep water?

20 MR. D'ALESSIO: Yeah. Deep enough. There's a boat
21 there.

22 MS. O'TOOLE: Well, I know other people are here.
23 We have limited, really limited opportunity. I know I can
24 speak to Mr. [indiscernible], and we will with respect to the
25 QuickBooks and Rita. I have about 25 minutes and then we have

1 a hard stop because we have to get on a court call for another
2 case where the judge scheduled it today. So does anybody have
3 any questions they'd like to ask? We have an attorney in the
4 back here. Just note your name again for the record.

5 MR. MANISCALCO: Speak loudly [inaudible].

6 MS. KIRBY: All right. I'll pull up another chair.

7 BY MS. KIRBY:

8 Q. dawn Kirby, DelBello Donnellan representing Attis
9 Properties. I'm going to limit my questions just to entities
10 that you listed in your personal petition that seem to be
11 related to these debtors that we're talking about today that
12 are not filed into bankruptcy. So on your petition -- I'll
13 start with the debtor 145-147 East 62nd Street. There are two
14 debtors, one's Holding one's Associates. And the personal --

15 A. I'm sorry, which debtors?

16 Q. 145-147 East 62nd Street.

17 A. Okay.

18 Q. Okay? In your personal petition you indicate that you
19 have ownership interest in Bluestone 145-147 LLC and Blue 145
20 E 62 LLC, and FCP 145 Holding LLC. You testified earlier that
21 the Bluestone entities are generally your entity that owns 2
22 percent of Associates, correct?

23 A. Correct.

24 Q. So Bluestone 145-147 LLC, is that related to this project
25 and the debtor that I just mentioned?

1 A. Yeah, I believe so.

2 Q. And what about Bluestone 145 E 62 LLC?

3 A. I believe so.

4 Q. And what about FCP 145 Holding LLC?

5 A. I believe so but I'm not sure about that.

6 Q. Do those entities have bank accounts?

7 A. Yes.

8 Q. Do they have any money in the bank accounts?

9 A. I have no idea.

10 Q. Do they have any other assets other than their bank
11 account?

12 A. No.

13 Q. Why aren't they in bankruptcy?

14 A. I don't know. Maybe we'll put them in bankruptcy. I
15 don't know. I don't know the answer to that.

16 Q. You don't know. Okay. Similar question for 163-165 East
17 62nd -- let me go back. Where is the bank account located --

18 MR. D'ALESSIO: Sandy, can you make a note of her
19 last question which is a good question? Why aren't those
20 entities in bankruptcy?

21 MR. ROSEN: Which one?

22 MS. KIRBY: The two Bluestone entities that are on
23 his individual petition as being entities he has interest in -
24 -

25 MR. D'ALESSIO: They should be.

1 MS. KIRBY: -- that are related to the 145-147 East
2 62nd.

3 MS. O'TOOLE: I don't mean to interrupt you. Can I
4 just ask a clarifying question?

5 MR. D'ALESSIO: Sure.

6 MS. O'TOOLE: Generally when you had a deal, did you
7 set up an entity for yourself called Bluestone?

8 MR. D'ALESSIO: Yes.

9 MS. O'TOOLE: Is that how you held your interest in
10 most of them?

11 MR. D'ALESSIO: Yes.

12 MS. O'TOOLE: Okay. Thank you.

13 Q. Do you know what bank the bank accounts are for Bluestone
14 145, those entities?

15 A. I don't.

16 Q. Similar question for 163-165 East 62nd Street. They're
17 two entities in bankruptcy.

18 MR. D'ALESSIO: [Inaudible].

19 MR. ROSEN: [Inaudible].

20 MR. D'ALESSIO: No, this one here.

21 MR. ROSEN: I'm going to do it. She has to speak
22 first.

23 Q. There are two entities that are listed in your personal
24 that I'm going to ask are they related to the same projects
25 but they're not debtors. One is called 161-167 East 62nd

1 Street Holding LLC and the other is Bluestone 161-167 LLC.

2 Are those related to the debtors 163-165?

3 A. I don't know. They may be or they may be entities we
4 didn't use. If they are entities that are involved, they
5 should be filed in -- they should file bankruptcy.

6 Q. Okay.

7 MR. ROSEN: Not necessarily.

8 Q. Well, we won't -- we'll let your counsel talk to you
9 about that. Similar question on 41-45 Middle Pond Road.
10 They're two entities on your personal that are not debtors.
11 One is Bluestone 42-45 LLC and the other is 41-43 Middle Pond
12 Road Holding LLC. Do those -- are those related to the same
13 project?

14 A. They should be.

15 Q. And is there a reason they're not in bankruptcy?

16 A. I don't know.

17 Q. Do you know if they have assets or bank accounts?

18 A. They don't have any assets.

19 Q. Do they have bank accounts that are open even if it has
20 zero in it?

21 A. They may.

22 Q. You're not sure though?

23 A. No.

24 Q. Right. So would there be QuickBook --

25 A. Yes, absolutely.

1 Q. -- QuickBook entries regarding --

2 A. Absolutely.

3 Q. -- all of these entities that I'm asking about.

4 A. You have to understand on the Middle Pond Road projects
5 most likely there was no money in the checkbook because there
6 was -- we never did the full raise, we never did the full
7 raise --

8 Q. You mean from investors?

9 A. From investors. There was no money coming in. There was
10 only money owing out. And I was funding.

11 Q. Okay. So you used the investor money for the project --

12 A. Right.

13 Q. -- plus put some of your own in?

14 A. Right. So most likely -- I'm sure everything has a bank
15 account but I couldn't tell you how much or what --

16 Q. [Inaudible] --

17 A. But if it did it would [inaudible].

18 Q. Okay. And then just a similar question for 227 East 67th
19 Street. There are two debtors in bankruptcy, Holding and
20 Associates. And then you indicated your Bluestone 67 LLC. I
21 presume that's probably your entity that owned 50 percent of
22 Associates.

23 A. Correct.

24 Q. I'll just, for the record, ask the same question. Does
25 it have a bank account?

1 A. It definitely has a bank account.

2 Q. Do you know if there's any money in the bank account?

3 A. There's probably no money in it. If there is, it's
4 minimal.

5 Q. When's the last time it had money in it?

6 A. I have no idea.

7 MR. MANISCALCO: Do all the Bluestone entities use
8 the same banking institution?

9 MR. D'ALESSIO: Yes.

10 MR. MANISCALCO: Do you know what that is?

11 MR. D'ALESSIO: No, because what happened is as we
12 had issues with banks going through these difficulties and
13 they were shutting us down, we had to move accounts. Today I
14 don't know. I can't answer what the status is.

15 Q. Did you move the accounts to like small local banks as
16 opposed to Chase, Citibank, HSBC, that sort of thing?

17 A. Yeah, they're all small banks for the most part.

18 MS. KIRBY: We have a 2004 exam so I was going to
19 ask questions about other projects but these all just related
20 to the debtors.

21 MR. ROSEN: Have you scheduled that yet?

22 MS. KIRBY: Sorry?

23 MR. ROSEN: Have you scheduled that yet?

24 MS. KIRBY: No, not yet.

25 MS. O'TOOLE: I was just going to say I don't think

1 we saw that order either but it --

2 MR. MANISCALCO: It's not in yet.

3 MS. KIRBY: No, I haven't -- I'm about to --

4 MS. O'TOOLE: [Inaudible].

5 MS. KIRBY: Yes.

6 BY MS. O'TOOLE:

7 Q. Okay. Have you, in the last year, have any other
8 projects, have you sold any property whatsoever?

9 A. In the last year?

10 Q. Yes. Any project that you've been involved in directly
11 or indirectly through any entity. Have you sold any
12 properties?

13 A. Yes.

14 Q. And where were those properties sold?

15 A. 2500 St. Peter's or St. Raymond's Avenue.

16 Q. In the Bronx?

17 A. Yeah.

18 MR. MANISCALCO: Which was it, St. Raymond's or St.
19 Peter's?

20 MR. D'ALESSIO: It's on the corner. 2500 St.
21 Raymond's.

22 MR. MANISCALCO: Do you remember the date it sold?

23 MR. D'ALESSIO: No.

24 Q. And what was it sold for?

25 A. I have no idea.

- 1 Q. And what was the entity that held the fee?
- 2 A. Something relating to the name. Probably something like
- 3 2500 St. Raymond's Associates.
- 4 Q. And was there also a Bluestone --
- 5 A. No.
- 6 Q. -- entity in that?
- 7 A. No.
- 8 Q. Did you --
- 9 A. There was no investors in that project.
- 10 Q. And did you receive any money as a result of that sale?
- 11 A. I believe there was a couple of hundred thousand after
- 12 closing.
- 13 Q. And where was that money deposited?
- 14 A. Into one of my accounts.
- 15 Q. And what account was that?
- 16 A. I have no idea.
- 17 Q. And when was that sold?
- 18 A. I don't recall the date but within the last year.
- 19 Q. And where would I find -- how would I follow that money?
- 20 A. If you pull up that project on the hard drive you'll have
- 21 the closing statement and deed and everything.
- 22 Q. Will it say where the money was deposited though?
- 23 A. That would be in QuickBooks.
- 24 Q. And that would reflect deposits for you personally?
- 25 A. Yeah.

1 Q. Okay. And what did you do with that couple of hundred
2 thousand?

3 A. Used it for living.

4 Q. And do you have any idea when the sale was, summer,
5 winter, spring, fall?

6 A. I have no idea.

7 Q. Did you sell any other property or give any other deeds
8 in lieu of foreclosure?

9 A. Yes. 61, 163, 165, 167 East 62nd Street.

10 Q. And who was the lender --

11 MR. MANISCALCO: East 67th or 2nd?

12 MR. D'ALESSIO: 62nd.

13 MR. MANISCALCO: Six two.

14 Q. And you said 61, 163 --

15 A. Yeah. 161 --

16 Q. Oh, okay.

17 A. 163, 165 -- no, I'm sorry. It's 163, 165, 167 East 62.

18 Q. Okay. And what did you do? Was that a sale or a deed in
19 lieu?

20 A. Just gave a deed in lieu.

21 Q. Who was the lender?

22 A. The lender, I don't recall the lender at the end because
23 they sold the note as soon as we had problems.

24 Q. Were you represented by counsel?

25 A. Yes.

1 Q. What counsel represented you?

2 A. Jonathan Hacker [Ph.].

3 Q. And did you receive any cash out on the deed in lieu?

4 A. Yes, I did.

5 Q. How much did you receive?

6 A. I think it was about 600,000.

7 Q. And did that money go to you individually or to an entity
8 controlled by you directly or indirectly?

9 A. I don't recall. It ultimately came back to me though.

10 Q. And was that in the last year?

11 A. Yes.

12 Q. So in the last year you received 600,000 or so from this
13 deed in lieu and then you also received a couple of hundred
14 thousand from 2500 St. Raymond's Avenue?

15 A. Correct.

16 Q. You're going to have to account for where that money went
17 and how it was spent.

18 A. Sure.

19 Q. Any other sales or deeds in lieu in the year before you
20 filed?

21 A. I don't believe so.

22 Q. Have you transferred any money abroad?

23 A. No.

24 Q. Any entity controlled directly or indirectly by you have
25 accounts abroad?

1 A. No.

2 MS. O'TOOLE: All right. Anybody else have --

3 MR. D'ALESSIO: For the record, neither I or any
4 entity that I'm involved with, there is no money in the states
5 or abroad. I know the investors have this theory that there's
6 got to be money, but there is no money.

7 Q. So dispel the myth, right? So how are you -- one might
8 say somebody would get a \$2,000 a month apartment if they had
9 absolutely no money. But you're staying in an apartment that
10 costs 12,000 a month? Or you're --

11 A. No, no, no --

12 Q. No, no, you have one in Florida and one in New York in
13 total.

14 A. And I'm getting rid of the one in Florida.

15 Q. Okay. And how are you paying that? Does your brother
16 help you?

17 A. My brother --

18 Q. Does your father help you? Where's the money --

19 A. My brother and my mother help me.

20 Q. And where does your brother get the money? He's now the
21 member of Aspen. Is he getting it from Aspen?

22 A. Aspen is making minimal money. If it's making 2 or
23 \$3,000 a month, that's all it is.

24 Q. So what does your brother do for a living that he's able
25 to pay your rent?

- 1 A. He has his own business, his own contracting business.
- 2 Q. And what's his business?
- 3 A. Contracting.
- 4 Q. Do you want to -- I'd just like -- in order for the story
- 5 to be plausible you have to give us detail.
- 6 A. That's fine.
- 7 Q. And what is his business? Is he a contractor?
- 8 A. He's a contractor.
- 9 Q. And what business entity name does he operate under?
- 10 A. Triumph.
- 11 Q. Okay. And have you ever been involved in the projects of
- 12 Triumph?
- 13 A. No.
- 14 Q. Are you advising him but not employed by him with respect
- 15 to Triumph?
- 16 A. Well, he certainly knows he can call me if he needs --
- 17 Q. Okay. So --
- 18 A. But I'm not involved.
- 19 Q. -- he does call you --
- 20 A. Right.
- 21 Q. -- and you help him?
- 22 A. Right.
- 23 Q. And as a result of that help, is he paying your rent?
- 24 A. It's not --
- 25 MR. ROSEN: He's not saying that.

1 A. I'm not saying that.

2 MR. ROSEN: He said -- all he said is his brother
3 can call him.

4 A. Let me explain something to you. For 30 years I was a
5 rainmaker and I made a lot of money in this business and I
6 took care of everybody.

7 Q. Right. And you have --

8 A. And anybody who invested --

9 Q. -- a very valuable asset.

10 A. And anybody who invested with me made money.

11 Q. Okay.

12 A. Okay? It's very unfortunate but this last go around in
13 2014, and if anybody reads the papers or goes online and looks
14 and Googles high end luxury real estate Manhattan, you'll find
15 out that 2014 was the height of the market. Well, I didn't
16 realize that until it was too late. If you look at these, I
17 bought these --

18 Q. I just want to --

19 A. -- properties in 2014 --

20 Q. I understand you've got a lot of exasperation and that
21 you wish it would continue as every investor who invested in
22 you. But I'm just asking you a very specific question and
23 that question is do you do any work for your brother?

24 A. No.

25 MS. O'TOOLE: Sir, do you have any -- two people are

1 --

2 MALE SPEAKER: I have one question.

3 MS. KIRBY: I did.

4 MS. O'TOOLE: Okay, okay. Please.

5 MALE SPEAKER: You sold, or an entity you own or
6 control sold any property in Florida?

7 MR. D'ALESSIO: Yes.

8 MALE SPEAKER: When and what property?

9 MR. D'ALESSIO: I had three condos in Florida.

10 Q. Those were in Boca Raton?

11 A. Yeah.

12 Q. Okay. And what are the addresses of those?

13 A. I don't recall the addresses but they're all within the
14 same complex, Ocean Boulevard.

15 Q. And when were they sold?

16 A. I think they were all sold in the last year.

17 Q. So when I asked you about things sold in the last year,
18 did that slip your mind?

19 A. Yes.

20 Q. And what entities held those properties?

21 A. Something to do with their name.

22 Q. Okay. So you sold three of them and then was their
23 counterpart a Bluestone entity with respect to them?

24 A. No.

25 Q. Did you realize anything from the sale either directly or

1 indirectly?

2 A. Only the last one.

3 Q. And how much did you realize?

4 A. A couple of hundred thousand dollars.

5 Q. Okay. So in the last year you got a couple of hundred
6 thousand from Boca Raton, you got a couple of hundred thousand
7 from the property at St. Raymond's, and you got about 600,000
8 from 163-165 East 62nd.

9 A. Correct.

10 Q. Correct? Okay.

11 BY MS. KIRBY:

12 Q. There were four properties on Ocean Boulevard, correct?
13 1201, 1203, 1208 and --

14 A. Correct.

15 Q. -- 405.

16 A. Four.

17 MS. O'TOOLE: Do you still own one?

18 MR. D'ALESSIO: No.

19 MS. O'TOOLE: So when you say you sold them, did you
20 sell three or four?

21 MR. D'ALESSIO: I sold all of them, four of them.

22 MR. MANISCALCO: When was the last one sold?

23 MR. D'ALESSIO: I don't know the date.

24 MS. O'TOOLE: But was it sold within three months of
25 filing for bankruptcy?

1 MR. D'ALESSIO: Within three months of filing,
2 probably yes.

3 MR. MANISCALCO: It was a 2018 sale?

4 MR. D'ALESSIO: Yes.

5 Q. After March 28th?

6 A. I don't know.

7 Q. What about the properties located at 225 East 81st Street?

8 A. What about them?

9 Q. Do you still have an interest in --

10 A. No.

11 Q. -- a company that owns that property?

12 A. No.

13 Q. You have an interest in 225 81 Street Associates LLC,
14 correct? It's listed in your petition as being an entity that
15 you have an interest in.

16 Q. What's the name of the entity?

17 A. 225 81 Street Associates LLC.

18 Q. I can't answer the question but it doesn't own any assets
19 and I don't know why it's listed.

20 A. What about 554 East 82nd Street?

21 Q. I don't have an interest in that either.

22 A. It's listed in the petition as being an LLC which you
23 have an interest.

24 Q. I think the --

25 MR. ROSEN: I [inaudible] the LLC has property --

1 MR. D'ALESSIO: I think the question was

2 MS. KIRBY: He said he had no --

3 MR. D'ALESSIO: -- in the last five years, right?

4 Wasn't the question in the last five years?

5 MS. KIRBY: I didn't set up a specific time period.

6 MR. D'ALESSIO: I think that's why they're down
7 there. I think the question on the petition was in the last
8 five years.

9 Q. In the last five years did you have an interest --

10 A. Yes.

11 Q. -- in an LLC?

12 A. Yes.

13 Q. What about 230 East 63rd Street?

14 A. I don't have an -- there's no -- I have no interest in
15 it.

16 Q. What about 2627 Webster Avenue?

17 A. I don't have an interest.

18 Q. What about 2800 Bruckner Boulevard?

19 A. I don't have an interest.

20 Q. That property has been sold?

21 A. Yes.

22 Q. When was it sold?

23 A. I don't know.

24 Q. Within the last two years?

25 A. Probably within the last two years, yes.

- 1 Q. About a year ago?
- 2 A. Within the last two years.
- 3 Q. And how much did it sell for?
- 4 A. 10 million.
- 5 Q. And how much of that was profit to you, if any?
- 6 A. I can't tell you that because I don't know what the basis
- 7 is.
- 8 Q. Did you come away from cash from closing?
- 9 A. Yes.
- 10 Q. How much?
- 11 A. A couple of million dollars.
- 12 Q. Two, three, four?
- 13 A. I don't recall the amount.
- 14 Q. More than one?
- 15 A. Yeah.
- 16 Q. More than 2?
- 17 A. I believe so.
- 18 Q. More than 3?
- 19 A. I don't think so.
- 20 Q. You're not sure? What about the property located at 3100
- 21 Tremont?
- 22 A. I still own that property.
- 23 Q. How much is it worth?
- 24 A. It's worth nothing now. The mezz lender just took it
- 25 over and paid off the first and took it over.

1 Q. Foreclosed on it?

2 A. Yeah.

3 Q. What about 3219 Tremont?

4 A. The same mezz lender took it over.

5 Q. Foreclosed?

6 A. Right.

7 Q. Within the last six months?

8 A. Yeah.

9 Q. But the mezz lender, who's the mezz lender?

10 A. No relationship but their parent company is Bluestone
11 something.

12 Q. How did you meet this mezz lender?

13 A. Through my mortgage broker that did all my deals.

14 Q. And was there someone at this mezz lender that you knew
15 before? Friend, family?

16 A. No. They're actually a hostile lender.

17 Q. And what about 3225 Tremont?

18 A. Same thing.

19 Q. Same mezz lender?

20 A. Yeah.

21 Q. Bluestone 3225 LLC, did it receive any funds as a result
22 of any of these transactions?

23 A. It may have. It should have received funds. I think
24 it's also -- I think I'm also owed several million dollars on
25 that.

1 Q. How did it receive funds if the properties were
2 foreclosed on?

3 A. Well, this is before the property was foreclosed on.

4 Q. Okay.

5 A. You're asking 53rd Street?

6 Q. I was asking as a result of these foreclosures.

7 A. No, no, no, no, I didn't get any funds.

8 Q. 3800 Tremont?

9 A. 3800? 3800 never went through. It was formed to buy a
10 building and the deal fell through.

11 Q. Why didn't 39 Middle Pond entities file for bankruptcy?

12 A. We are.

13 Q. You're going to?

14 A. Yes.

15 Q. When?

16 A. I think --

17 MR. ROSEN: When I finish them. Probably next
18 [inaudible].

19 MS. KIRBY: Sure.

20 BY MR. KYE:

21 Q. Hi, I'm Matthew Kye for Preferred Bank. I just have a
22 couple of questions regarding East 67th and East 64th Street.
23 Is it your testimony that the condominium process is complete
24 on East 67th and those individual units can be sold separately?

25 A. Yes.

1 Q. Okay. And how long has Aspen Management been collecting
2 the rents from East 67th and East 64th?

3 A. I have no idea. From whenever there was tenants in
4 there.

5 Q. Are there tenants there now?

6 A. There's tenants in the building.

7 Q. Do you know what the approximate rent roll for East 64th
8 is?

9 A. No, I do not.

10 Q. Who would know that?

11 A. Rita.

12 Q. And how about East 67th?

13 A. I have no idea.

14 Q. Do you know what Aspen Management did with the money
15 after they collected the rents?

16 A. Put it in the bank.

17 Q. And you know what bank that was?

18 A. No.

19 Q. Who would know that?

20 A. Rita.

21 Q. Do you know if the bank was -- you said you were changing
22 bank accounts recently due to the BOB issues. Do you know if
23 you changed bank accounts with respect to where the East 67th
24 and 64th monies were?

25 A. I definitely changed bank accounts because Preferred had

1 them and then we moved them out of Preferred.

2 Q. And you don't know where though?

3 A. No.

4 Q. Okay. Is it your -- do you recognize this?

5 A. Yes.

6 Q. Is that something that you gave to Preferred?

7 MS. O'TOOLE: Can I --

8 A. Possibly. I don't know.

9 MS. O'TOOLE: For the purposes of the record we need
10 to identify it as an exhibit. Just call it 341 Exhibit 1.
11 Okay? It's identified as a document entitled Michael Paul
12 Enterprises LLC. It's called an income and express pro forma
13 on rental basis and it appears to be undated.

14 Q. And this is for East 67th Street?

15 A. I have no idea if that was given to Preferred.

16 Q. If you look at this, from review of this, do you think
17 that's accurate?

18 A. It might have been accurate. I don't think it's accurate
19 anymore.

20 Q. Who prepared this document?

21 A. I have no idea.

22 Q. Did you have anything to do with that document,
23 preparation of it?

24 A. No.

25 Q. Did Rita prepare that document?

1 A. I don't know.

2 Q. How would Preferred get this document if they did?

3 A. I don't know if they did.

4 Q. But you've never seen this document before?

5 A. It looks familiar. That's the way we do pro formas.

6 Q. But you don't know if any of the numbers here are
7 accurate or not?

8 A. No.

9 Q. If I showed you one for East 64th would your answers be
10 the same?

11 A. Yes.

12 MR. KYE: Okay. No further questions.

13 MS. O'TOOLE: We have a very limited opportunity.

14 MALE SPEAKER: Yeah, I just have two follow-up
15 questions.

16 MS. O'TOOLE: We are up to our call coming in.

17 MALE SPEAKER: Just two follow-up questions based on

18 --

19 MS. O'TOOLE: Okay.

20 MALE SPEAKER: -- [inaudible].

21 BY MALE SPEAKER:

22 Q. You said you took approximately \$600,000 out of
23 [inaudible] transactions in connection with 163, 165, and 167
24 East 67th Street?

25 A. Correct.

1 Q. You want to briefly explain [inaudible] what entities
2 received it?

3 A. I have no idea what entity received it. Ultimately it
4 went to me though.

5 Q. Okay. And was any, to your knowledge, was any money
6 distributed [inaudible]?

7 A. No.

8 Q. I have the same question on 2800 Bruckner. You received
9 approximately a couple of million dollars [inaudible] 2800
10 Bruckner and what basis did you receive that money?

11 A. I'm sorry?

12 Q. On what basis did you receive that two to \$3 million from
13 the sale of 2800 Bruckner?

14 A. There were no investors in the deal when I received the
15 money.

16 Q. And you said you received the money approximately two
17 years ago?

18 A. Probably about two years ago.

19 Q. When was the last time you knew that there were investors
20 [inaudible]?

21 A. I don't understand the question.

22 Q. Your testimony is 2 to \$3 million for the sale of 2800
23 Bruckner.

24 A. Correct.

25 Q. Three to four years ago. I'm sorry, approximately two

1 years ago. At that time there were no investors in 2800
2 Bruckner?

3 A. Not that I recall.

4 MALE SPEAKER: Okay. I just have a couple of quick
5 questions about the same thing.

6 BY MALE SPEAKER:

7 Q. So I'm going back to the 145-147 East 62nd Street.
8 There's a series of tenants listed there. One of the tenants
9 is Alexander Greenstone as having a residential apartment
10 there. Is that person paying rent? Do you know about --

11 A. I have no idea but I would assume he's paying rent.

12 Q. There's a series of investors listed on your Schedule G
13 for this particular case. This is 18-22892. Can you describe
14 or identify any of the rent paid by any of these tenants?

15 A. No.

16 Q. Is that going to be also in the QuickBooks?

17 A. Yes.

18 MS. O'TOOLE: Okay. Listen, I don't mean any
19 disrespect. We've gone for an hour and 45 minutes. We can
20 always resume. I'm going to adjourn until August 23rd at 5
21 p.m., but that's a control date, not an actual date. We can
22 figure out another date. But I have to get on.

23 MR. D'ALESSIO: Thank you.

24 * * * * *

25

1 I certify that the foregoing is a court transcript from
2 an electronic sound recording of the proceedings in the above-
3 entitled matter.

4 *Mary Greco*

5 _____
6 Mary Greco

7 Dated: August 3, 2018
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